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BY U.S. MAIL AND FAX  
565-9002

April 21, 2006

Honorable Vernon A. Williams  
Surface Transportation Board  
1925 K Street, N.W.  
Washington, D.C. 20423 0001

ENTERED  
Office of Proceedings

RE: STR Docket No. AB-1081X, San Pedro  
Railroad Operating Company, LLC-Abandonment  
Exemption-In Cochise County, AZ,

APR 21 2006

Part of  
Public Record

Dear Mr. Williams:

I am writing on behalf of San Pedro Railroad Operating Company (SPROC) in connection with the above-captioned proceeding. In its order setting terms and conditions, the Board directed that SPROC advise Sonora-Arizona International, LLC (SAI), by April 18, 2006, if it was willing to provide Sonora with an indemnification for real estate title defects on those fee parcels conveyed pursuant to the offer of financial assistance process.

Upon due consideration, SPROC is agreeable to providing such indemnification on the fee parcels. Appropriate documentation will be included with the draft purchase and sale agreement that SPROC will provide SAI. If requested, SPROC will provide a copy of those documents to the Board.

SPROC requests that the Board accept this late-filed letter as no one will be prejudiced. SPROC is working diligently to provide SAI with all documentation it needs to be able to close this transaction promptly and has been communicating with SAI as to its ability to close promptly.

Please date stamp and return one copy of this letter.

Sincerely yours,

A handwritten signature in black ink, appearing to read "John D. Heffner", with a long horizontal flourish extending to the right.

John D. Heffner  
Counsel for SPROC

cc: Mr. David L. Parkinson  
All parties